

TESTIMONY BEFORE THE UNITED STATES CONGRESS
ON BEHALF OF THE
NATIONAL FEDERATION OF INDEPENDENT BUSINESS

NFIB
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Testimony of

Mr. Hugh Joyce

before the

Ways and Means Committee

on the subject of

**Tax Implications of the Patient Protection and
Affordable Care Act (ACA)**

on the date of

March 5, 2013

Chairman Boustany, Ranking Member Lewis, and members of the Oversight Subcommittee, thank you for inviting me to testify today. I am Hugh Joyce. I own and operate a family heating and cooling business with approximately 152 employees in the Richmond area. I come before you, today, to express my continued concerns regarding the new health care law. Specifically, the negative impact and the overwhelming confusion regarding the 47 tax provisions in the law and their implementation.

I, personally, lobbied heavily against the legislation, not because I didn't want to pay for insurance for my employees, but because I felt **there was not one line of code in the bill that would significantly reduce health care costs over time**. There are lots of lines of code that "**spread around**" who pays for insurance. However, nothing that significantly addresses: pooling, personal incentives to maintain health, standard insurance plan design, hospital costs and competition, market transparency, doctor monopolies on care, delivery strategies, and so forth.

There are 47 tax related provisions that hurt businesses, families, and workers. Keeping up with implementation of regulations will be costly, time-consuming, and difficult. Employers, like me, must track and monitor employee hours and report and verify health insurance coverage. Currently, the regulations lack clarity. The penalty structure and compliance requirements act as a disincentive for many to provide coverage at all. **There will be significant unintended consequences as the provisions cascade out over time.**

Key areas of concern are:

-Mandated coverage requirements and indirect taxes are driving costs UP and affordability DOWN.

-Significant new taxes on investment and income which reduce capital and hurt the ability to expand businesses and to create new jobs.

-Reporting, tracking, paperwork and compliance which add significant costs to all businesses.

-Misinformation, bad information, confusing information, and uncertainty are strangling job creation and growth.

-Lack of simplicity.

Increasing Premiums and the Impact of Indirect Taxes

Since the 2009 enactment, our premiums have risen from 664,000 dollars to 924,000 dollars (headcount numbers flat). We are projecting our renewal premium for this year to be 1,090,000 dollars, an 18 percent increase including the 2 percent premium tax on our fully insured health insurance product. These numbers are not sustainable over time. Our entire discretionary net profit will be absorbed by health insurance costs in 5 years, if this premium trajectory continues.

Uncertain Future and Regulatory Complexity

Fear is the most crippling emotion known to man. I am convinced that fear coupled with uncertainty, new costs, and frustration, regarding the health care law, is a key reason we are not seeing robust hiring and job creation today.

As I look across my competitive landscape, I see major disparities. My average competitor is less than 5 employees, so they don't have to provide insurance, but if they do, they may have access to tax credits. My fewer than 50 employee competitors don't have to provide coverage at all. I am greater than 50 employees. So, by law, I **MUST** offer “affordable” coverage for employees and their dependents or face taxes and penalties. Think about that???? Shouldn't ALL of us: small, medium and large be required to run our business in a fashion that we can provide this coverage and be subjected to the same rules?

If we want to lead on a competitive global platform and keep insurance affordable we must revisit this health care law and its provisions. This can be done without massive new tax increases and burdensome compliance measures. Let's look at strategies for a simplified plan that reduces costs, opens up market competition and transparency, and provides every American with a great health benefits that they buy on their own. These strategies will provide certainty for the private sector and help our economy grow again.

Thank you for your time. I look forward to any questions.

CORE VALUES

We believe deeply that:

Small business is essential to America.

Free enterprise is essential to the start-up and expansion of small business.

Small business is threatened by government intervention.

An informed, educated, concerned, and involved public
is the ultimate safeguard for small business.

Members determine the public policy positions of the organization.

Our employees and members, collectively and individually, determine the success of
the NFIB's endeavors, and each person has a valued contribution to make.

Honesty, integrity, and respect for human and spiritual values are important
in all aspects of life, and are essential to a sustaining work environment.

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